

**BEFORE THE  
FEDERAL COMMUNICATIONS COMMISSION  
WASHINGTON, D.C. 20554**

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In the Matter of )  
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CC Docket No. 91-141

Local Competition Survey )  
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CCB-IAD File No. 98-102

**RECEIVED**

JUN 22 1998

**REPLY COMMENTS  
of the  
GENERAL SERVICES ADMINISTRATION**

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## **Reply Comments of the General Service Administration**

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## **Reply Comments of the General Service Administration**

### **SUMMARY**

In these Reply Comments, GSA agrees with most commenting parties that the Bureau should implement its proposed program to collect information concerning local exchange and exchange access competition in an expeditious manner.

GSA specifically agrees with Ameritech that all LECs should be required to report not only the lines they provide directly to end users, but also the revenues they collect associated with these lines. GSA agrees with most commenting parties that the ILECs should be required to report additional data on resale, unbundled network elements, collocation, switched minutes and telephone numbers ported.

GSA joins a number of parties in recommending that data be collected at a more disaggregated level than by state. GSA recommends that data should be no more aggregated than by MSA.

GSA agrees with the general consensus that data should be collected on a quarterly basis. GSA also recommends that the Bureau publish a quarterly summary report and make detailed information available electronically.

Finally, GSA finds the Bureau's sunset proposal unnecessary.

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The General Services Administration ("GSA") submits these Reply Comments on behalf of the customer interests of all Federal Executive Agencies ("FEAs") in response to the Commission's Public Notice, DA 98-839, released on May 8, 1998. In the Public Notice, the Common Carrier Bureau ("Bureau") seeks comments and replies on a program to collect information concerning local exchange and exchange access competition in diverse areas of the country.

In its Comments, GSA supported the Bureau's proposed local competition survey with minor modifications. Most commenting parties agree that it is appropriate for the Bureau to collect timely information on the effectiveness and impact of local competition throughout the nation, although there is a range of views on the specific details of the Bureau's proposal.

In these Reply Comments, GSA addresses the comments and proposals of the following parties:

- The United State Telephone Association ("USTA"), The Rural ILECs, and seven individual incumbent local exchange carriers ("ILECs"); and
- The Association for Local Telecommunications Services ("ALTS"), the Telecommunications Resellers Association ("TRA") and six individual competitive local exchange carriers ("CLECs").<sup>1</sup>

GSA trusts that its perspective as the only end user to participate in this proceeding will prove useful to the Bureau in evaluating the positions of the ILECs and CLECs.

## **II. ALL LECS SHOULD BE REQUIRED TO REPORT LINES AND REVENUES**

In its Comments, GSA recommended that the Bureau collect revenue information, as well as line information, from all LECs.<sup>2</sup> The collection of revenue information will add immeasurably to the usefulness of the survey by providing a meaningful picture of the financial impact of local competition throughout the nation. The administrative burden of reporting revenues will be insignificant compared to its value to those evaluating the effectiveness of competition.<sup>3</sup>

Ameritech notes that competitors are targeting profitable customers, and concludes that "a survey that ignores this fact cannot accurately indicate the development of competition." Ameritech goes on to state:

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<sup>1</sup> In the context of this proceeding, GSA considers AT&T Corp. ("AT&T") and MCI Telecommunications Corporation ("MCI") to be commenting in their capacity as CLECs.

<sup>2</sup> Comments of GSA, p. 5

<sup>3</sup> Comments of Ameritech, p. 9.

One indication of the profitability of customers can be obtained, though imperfectly, by looking at the revenues that the entrants generate which, by virtue of their focused market strategies, may be out of all proportion to the number of lines they serve. Accordingly, the survey should require the reporting of intrastate telecommunications revenues by all carriers in addition to lines served.<sup>4</sup>

GSA agrees with Ameritech's analysis and urges the Commission to require all LECs to report revenues as well as lines served.

### **III. ILECS SHOULD BE REQUIRED TO REPORT ADDITIONAL DATA**

In its Comments, GSA supported the Bureau's proposal also to collect information on the number of lines sold to CLECs, the number of unbundled loops and switch ports provided to CLECs, and the number of purchasing CLECs.<sup>5</sup> GSA also supported the Bureau's collection of collocation data, switched minute data and telephone numbers ported data.<sup>6</sup> GSA explained that this information would help to explain why competition is developing in diverse areas of the country.

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<sup>4</sup> Id.

<sup>5</sup> Comments of GS, p. 6.

<sup>6</sup> Id.

Most commenting parties agree in general with GSA's assessment.<sup>7</sup> Some ILECs recommend less reporting<sup>8</sup> and some CLECs recommend more,<sup>9</sup> but overall it appears that the Bureau has struck an appropriate balance between the need for information and the avoidance of unnecessary administrative burden.

#### **IV. DATA SHOULD BE REPORTED BY MSA**

In its Comments, GSA recommended that survey data be collected by Local Access and Transport Area ("LATA") in any state in which a Bell Operating Company ("BOC") remains subject to interLATA toll restrictions.<sup>10</sup> GSA reasoned that such data might be of special use to the Commission, state commissions, the Department of Justice and others evaluating the appropriateness of lifting existing BOC interLATA toll restrictions.

Although no party specifically recommended the collection of data by LATA, a number of parties argued for geographic areas smaller than the state. BellSouth states:

Data aggregated to state-wide levels is not likely to provide sufficient insight into the degree of local competition because CLEC business plans generally focus on profitable urban and suburban customers. Aggregating state data understates the degree of local competition in the areas where CLECs choose to compete. At a

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<sup>7</sup> See, e.g., Comments of Bell Atlantic, p. 3; the Southern New England Telephone Company ("SNET"), p. 1; TRA, pp. 1-4.

<sup>8</sup> See, e.g., SBC, pp. 5-6; GTE, pp. 8-9; the Rural ILECs, pp. 1-4.

<sup>9</sup> See, e.g., Comments of ALTS, p. 8; TCG, pp. 2-5; KMC Telecom, Inc. ("KMC"), p. 4.

<sup>10</sup> Comments of GSA, p. 7.

minimum, CLECs should report by study area.<sup>11</sup>

Ameritech notes that the "relevant product market for local exchange service is certainly less than an entire state."<sup>12</sup> Ameritech would offer carriers the option of providing data by Metropolitan Service Area ("MSA") or exchange level, "where they have the capability to do so and where they believe such desegregation is relevant to a particular analysis of market power."<sup>13</sup>

MSA's are also recommended by a number of CLECs. KMC states:

An MSA reporting area would be practical for competitive local exchange carriers because virtually all of their operations are limited to metropolitan areas. It should also be practical for ILECs because their statistical databases surely can be organized by serving wire centers or rate centers. If it has not already been completed, it would be merely a one-time administrative function for ILECs to coordinate the statistical information to MSAs. ILECs already track local exchange data on an MSA basis in order to complete ARMIS report 43-05.<sup>14</sup>

AT&T adds:

MSAs are already familiar to both ILECs and CLECs as a result of the Commission's requirement that local exchange carriers offer long term service provider number portability on the 100 largest MSAs according to a deployment schedule concluding in December 1998. Because the Commission is already using MSAs as a basis to implement number portability, which it has found to be critical to lowering barriers to entry and promoting competition in the local exchange marketplace, it is logical for it to collect data showing the

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<sup>11</sup> Comments of BellSouth, p. 8.

<sup>12</sup> Comments of Ameritech, p. 11.

<sup>13</sup> Id.

<sup>14</sup> Comments of KMC, p. 2 (footnote deleted).

progress of local competition in these same areas.<sup>15</sup>

In supporting reporting areas no greater than MSAs, Allegiance states:

Because an ILEC's performance can vary greatly not only within its region, but also within different areas in each state, it is imperative that the level of reporting be small enough to measure performance on a local basis.<sup>16</sup>

GSA finds these ILEC and CLEC arguments persuasive and now supports data collection by MSA.

## **V. REPORTS SHOULD BE FILED QUARTERLY**

In its Comments, GSA supported the Bureau's proposal to collect data on a quarterly basis.<sup>17</sup> GSA found that quarterly reporting strikes an appropriate balance between timely information and reporting burden.

Some CLECs recommended that ILECs be required to report monthly.<sup>18</sup> The USTA and some ILECs recommended annual reporting.<sup>19</sup> But most commenting parties found three or six months to be an appropriate reporting period.<sup>20</sup> Ameritech recommends quarterly reporting, and its comments are representative of the consensus view:

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<sup>15</sup> Comments of AT&T, pp. 3-4 (footnote deleted).

<sup>16</sup> Comments for Allegiance Telecom, Inc. ("Allegiance"), pp. 7-8.

<sup>17</sup> Comments of GSA, p. 8.

<sup>18</sup> See Comments of Allegiance, p. 2; TRA, p. 5.

<sup>19</sup> See Comments of USTA, p. 9; U S West Communications, Inc. ("U S West"), pp. 8-9.

<sup>20</sup> See, e.g., Comments of GTE, p. 10; SBC, p. 6; MCI, p. 8.

Due to the dynamic nature of the local marketplace, it is important that the Commission have up-to-date information, and not rely on data that is months and perhaps as long as a year old. Frequent reports also provide a basis to gauge trends in the marketplace, that can help project future growth in competition.<sup>21</sup>

The difference in administrative burden between quarterly and semi-annual reporting is minimal and outweighed by the benefits of timely information. GSA urges the Bureau to adopt its quarterly reporting proposal.

## **VI. THE BUREAU SHOULD ISSUE QUARTERLY SUMMARY REPORTS**

In its Comments, GSA recommended that the Bureau publish a quarterly summary report similar to that which it has published for many years on the long distance market.<sup>22</sup> GSA also recommended that the Bureau maintain a publicly accessible electronic data bases containing the latest available information in detail and summary format.<sup>23</sup> GSA suggested that this combination of published general information and electronically available details should ensure that all interested parties and decision makers are provided with the information they need on a timely basis.

Commenting parties generally agree with GSA that survey data be made publicly available subject to aggregation as necessary to protect legitimate concerns for confidentiality.<sup>24</sup> GSA urges the Bureau to prepare to publish survey data as soon as possible after its collection.

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<sup>21</sup> Comments of Ameritech, p. 13.

<sup>22</sup> Comments of GSA, p. 8.

<sup>23</sup> Id., p. 9.

<sup>24</sup> See, e.g., Comments of SBC, p. 6; USTA, p. 9; AT&T, p. 19.

## **VII. THE BUREAU'S SUNSET PROPOSAL IS UNNECESSARY**

In its Comments, GSA disagreed with the Bureau's proposal that it discontinue its survey after the first quarter of 2001.<sup>25</sup> GSA found this "sunset" proposal unnecessary in light of the Commission's biennial review of all rules to ensure their continued applicability.

In general, the ILECs supported the Bureau's sunset proposal,<sup>26</sup> while the CLECs opposed it.<sup>27</sup> GSA remains unconvinced that the establishment of a sunset provision serves any useful purpose at this point in the evaluation of local exchange competition. The propriety of terminating this reporting program is solely dependent on the development of competition. No one knows now the rate of that development, and for that reason no one can predict when this survey program should end.

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<sup>25</sup> Comments of GSA, p. 9.

<sup>26</sup> See, e.g., Comments of Bell Atlantic, p. 3; USTA, p. i; U S West, p. 9.

<sup>27</sup> See, e.g., Comments of MCI, pp. 8-9; ALTS, p. 12; TRA, p. 6.

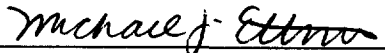
### **VIII. CONCLUSION**

As a major user of telecommunications services, GSA urges the Bureau to implement its reporting proposal as modified herein in an expeditious manner.

Respectfully submitted,

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June 22, 1998

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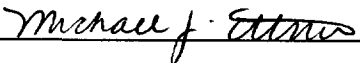
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